

ASSEMBLY BILL

No. 1705

Introduced by Assembly Member V. Manuel Perez

February 1, 2010

An act to add Sections 17131.3, 24303, and 23456.3 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1705, as introduced, V. Manuel Perez. Income taxation: exclusion: grants for specified energy property.

The Personal Income Tax Law and the Corporation Tax Law provide various exclusions from gross income that is subject to tax imposed by those laws.

This bill would provide under those laws that gross income does not include any grant provided to the taxpayer who places in service specified energy property in accordance with the federal American Recovery and Reinvestment Act of 2009, but would require that the amount of any grant be used to adjust the basis of the property in accordance with specified requirements.

This bill would make a legislative finding and declaration as to the public purpose served by the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 17131.3 is added to the Revenue and Taxation Code, to read:

17131.3. (a) Gross income shall not include any energy property grant provided to the taxpayer who places in service specified energy property in accordance with Section 1603 of Division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), but the grant amount shall be taken into account in adjusting the basis of that property in the same manner as under Section 50(c) of the Internal Revenue Code in the case of an energy credit.

(b) This section shall become operative on February 17, 2009, and apply for taxable years ending on or after that date.

SEC. 2. Section 24303 is added to the Revenue and Taxation Code, to read:

24303. (a) Gross income shall not include any grant provided to the taxpayer who places in service specified energy property in accordance with Section 1603 of Division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), but the grant amount shall be taken into account in adjusting the basis of that property in the same manner as under Section 50(c) of the Internal Revenue Code in the case of an energy credit.

(b) This section shall become operative on February 17, 2009, and apply for taxable years ending on or after that date.

SEC. 3. Section 23456.3 is added to the Revenue and Taxation Code, to read:

23456.3. (a) Section 56(g)(4)(B)(i) of the Internal Revenue Code shall not apply with respect to any grant paid by the United States Treasury pursuant to Section 1603 of Division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5).

(b) This paragraph shall become operative on February 17, 2009, and apply for taxable years ending on or after that date.

SEC. 4. The Legislature finds and declares that this act serves a public purpose by promoting the use of specified energy property in accordance with the American recovery and Reinvestment Act of 2009 (Public Law 111-5), and by providing for the equitable and co equal treatment of all taxpayers who place that property into service.

1 SEC. 5. This act provides for a tax levy within the meaning of
2 Article IV of the Constitution and shall go into immediate effect.

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